

## Hungary: No sign of labour market weakness

The Hungarian unemployment rate increased marginally, on seasonal factors. We've yet to see any signs of negative spillover from the real economy.



# 3.5%

## Unemployment rate

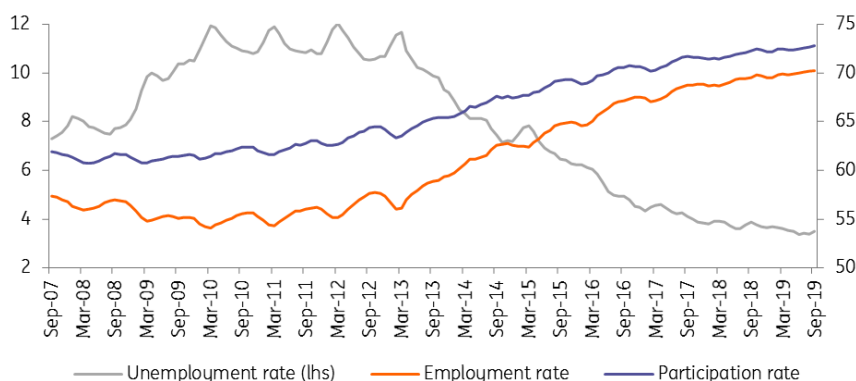
Consensus 3.4% / Previous 3.4%

Worse than expected

The unemployment rate for the 15–64 age group came in at 3.5% in September, up 0.1ppt month-on-month. Developments of recent months reveal a minor upward trend that, however, has nothing to do with the signs of a slowdown seen in the real economy. Seasonally adjusted data is stable. This is supported by a still rising (albeit mildly) participation rate. The number of employed remained above 4.44 million, close to its record. All in all, recent data supports our view that Hungary has reached full employment.

The number of workers on the primary labour market was up by 49.2k year-on-year, a significant deceleration in the pace of improvement. The number of fostered workers (working in state-financed, low skilled jobs for less than the minimum wage) came in at 107.9k, practically unchanged from a month ago, but still 28.7k lower than a year ago.

## Labour market trends (%)



Source: HCSO, ING

Despite some signs that the slowdown has arrived in Hungary, the labour market has remained resilient. Soft indicators however show that corporates are somewhat scaling back employment plans for the future. Expecting Hungarian GDP growth to remain relatively strong in coming years - mainly on domestic factors - we look through this signal and see the labour market remaining strong and the unemployment rate sticking to recent levels through 2020.

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